POLAND

Despite the deep OECD-wide recession, the Polish economy continued to grow in 2009 due to several factors, including: monetary easing; exchange rate depreciation; relatively limited dependence on international trade; a sound banking sector and unleveraged private sector; tax cuts and other fiscal measures; and infrastructure investments linked to EU transfers and the 2012 football championship. Activity is projected to pick up, mainly driven by fixed investment, but to remain well below potential rates for some time. While headline inflation was, until recently, above the official target, it is expected to diminish steadily as economic slack increases.

The general government deficit is projected to reach levels that are unprecedented since the beginning of the transition process, but no fiscal consolidation measures have been announced for 2010 by the authorities. The constitutional public debt limit of 60% of GDP is being dealt with mainly through an ambitious privatisation programme. This will nevertheless only delay the much needed consolidation of public finances until 2011. The monetary authorities should refrain from any interest-rate increases unless circumstances change.

Poland: **Demand, output and prices**

	2006	2007	2008	2009	2010	2011
	Current prices PLZ billion	Percentage changes, volume (2000 prices)				
Private consumption	662.3	4.9	5.9	3.2	1.4	1.4
Government consumption	193.7	3.7	7.5	1.9	1.1	0.5
Gross fixed capital formation	208.3	17.2	8.2	-1.5	2.3	10.2
Final domestic demand	1 064.3	7.1	6.7	1.9	1.5	3.1
Stockbuilding[1]	14.9	1.7	-1.1	-2.3	1.1	0.0
Total domestic demand	1 079.2	8.7	5.5	-0.3	2.7	3.2
Exports of goods and services	427.8	9.1	7.0	-10.4	1.4	5.9
Imports of goods and services	446.9	13.5	8.1	-15.3	1.0	6.0
Net exports[1]	- 19.2	-2.0	-0.7	2.6	0.1	-0.1
GDP at market prices	1 060.0	6.8	5.0	1.4	2.5	3.1
GDP deflator	_	4.0	3.0	3.4	2.1	2.0
Memorandum items						
Consumer price index	_	2.5	4.2	3.5	2.2	1.9
Private consumption deflator	_	2.4	4.2	2.9	2.1	1.8
Unemployment rate	_	9.6	7.1	8.4	9.6	9.6
General government financial balance[2,3]	_	-1.9	-3.7	-6.4	-7.8	-6.8
Current account balance[2]	_	-4.7	-5.1	-1.7	-2.3	-2.5

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook* Sources and Methods *(http://www.oecd.org/eco/sources-and-methods).*

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
2. As a percentage of GDP.
3. With private pension funds (OFE) classified outside the general government sector.

Source: OECD Economic Outlook 86 database.

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OECD Economic Outlook is published twice a year and analyses the major trends and the economic policies required to foster high and sustainable growth in member countries. *Released 19 November 2009.* Available at www.oecd.org/oecdeconomicoutlook.